

Advisory Board Meeting Minutes

The Residential Ratepayers Advisory Board (“the Board”) held a meeting on November 1, 2004 in the new building of the Office of Consumer Advocate. The meeting started at 2:08 p.m.

Present for the Board were:

Larry Kelly, Chair
Otis Perry, Vice Chair
Richard Stonner
Ross Doer
Rick Russman
Larry Ross

Present for the Office of Consumer Advocate (“OCA”) were:

Anne Ross, Consumer Advocate
Kenneth Traum, Assistant Consumer Advocate
Rorie Hollenberg, Staff Attorney
Christina Martin, Legal Assistant

The meeting began with a brief introduction of Rorie to the Board.

Agenda:

Motion to approve the minutes of the October 4, 2004 Board Meeting. Motion seconded and approved.

Brian Lamy addressed the Board. Mr. Lamy provided some documents for review. Listed in order received:

- Request for Proposals dated January 16, 2004
- Confidential – Inter-Department Communication to Commissioners from Donald Kreis, Hearings Examiner/Staff Attorney at PUC dated February 25, 2004
- Confidential – Inter-Department Communication to Commissioners from Donald Kreis, Hearings Examiner/Staff Attorney at PUC dated February 26, 2004
- Inter-Department Communication to Commissioners from Tom Frantz, Director of Electric Division at PUC dated March 15, 2004
- Email from Walter Drabinski to Tom Frantz dated April 15, 2003
- Email from Tom Frantz to Walter Drabinski dated May 1, 2003
- Email from Don Palys to Tom Frantz dated May 8, 2003
- Copy of Puc Rule 1202.04 “Complaint” definition
- Copy of Puc Rule 308.01
- Letter from Consumer Advocate, Anne Ross, to Debra Howland, Executive Director and Secretary at the PUC dated January 8, 2004
- Letter from Debra Howland to Brian Lamy dated October 29, 2004
- Copy of a page of a pleading in the “Right to know” case

- Letter to all parties in DE 01-023 from Debra Howland dated July 25, 2002
- Memo from Lou Tranfalia to Engineering dated January 6, 1999
- Letter from Christopher Allwarden, Senior Counsel PSNH to Debra Howland dated March 11, 2003
- Newspaper article no name or date
- NHPUC Mission Statement from the website

Mr. Lamy addressed a number of issues with the Board. Generally, his concerns related to the PUC's consultant selection parameters and process, the scope of the consultant's study and the reporting requirements for voltage complaints. There was some discussion and a period of questions to Mr. Lamy. Mr. Lamy then left the meeting and the Board resumed. There was discussion on the material provided as well as the issues Mr. Lamy addressed. Larry K. asked that the OCA review the material and provide the Board with a recommendation at the next meeting.

In the discussion about Bedford service quality, the idea of the electric company's obligations and responsibility vs. the consumers came up. It was suggested by Larry R. that the OCA include a brief overview on that subject in our next newsletter.

In with that same discussion Anne briefed the Board on the Motion regarding the E-1 Forms, the OCA's Response to the Motion and the Secretarial letter relating to both. Specifically, the OCA requested a one year study tracking all voltage complaints not resolved after the company's first contact with the customer, including those where testing occurs. Larry K. asked if the OCA is prepared to make the same request within the context of revision to the 300 rules. Anne replied yes.

Ken discussed transition service and total electric rates. He explained the charts handed out for Transition Service rates attached to the Addendum. Presently, PSNH's generation is still working to reduce electric costs for consumers. He mentioned the scheduled expiration of transition services for large customers in January 2005 and PSNH's pending request to extend this deadline to April 2006. At the last Board Meeting there was discussion regarding which way we should go with the PSNH transition service.

Since the last Board meeting PSNH had responded to OCA data requests showing that if PSNH's owned generation was assigned first to meet the Transition Service needs of small customers with the remainder flowing, as needed, to meet the needs of the remaining 1300 large customers the small customers might see a 3 mill decrease in their rates while large customers would see a 5 mill increase. These rate changes occur when comparing rates to the rate if TS is the same rate for all customers.

Recognizing that this is a controversial area, the Board still felt it appropriate for the OCA to take the position of different TS/DS rates for small and large customers.

Discussion shifted to why NHEC rates are so low. Ken explained that they have a contract entered into a few years ago that will be ending in December 2006. NHEC is anticipating a steep rate hike after their contract runs out.

Anne explains various NEPOOL/ISO proceedings that OCA is participating in at the Federal Energy Regulatory Commission:

1. Regional Transmission Organization (RTO) Docket

OCA has opposed a recent settlement in this docket because it does not provide a cost benefit analysis for the RTO formation; it does not make it clear that the RTO must be concerned with the public interest and with maintaining just and reasonable rate for wholesale power and transmission services. The settlement also shifts power away from market participants and into the hands of the transmission owners and RTO.

2. Return on Equity (ROE) for the Transmission Owners in NE RTO

FERC has suggested that Transmission Owners (TO's) should receive incentive adders to their ROE's for joining and RTO. This docket will establish the base ROE for NE TO's and also assign incentive ROE's. OCA has intervened to push for a lower base ROE than currently exists now and to oppose the incentives as unnecessary and unfair to ratepayers.

3. Locational Installed Capacity Auction (LICAP)

ISO-NE has proposed a capacity market which would price capacity based upon a demand curve which results in extremely high capacity pricing (2x market clearing price for power in many hours). OCA has opposed this new market design as overly costly to consumers (cost estimates on a yearly basis for New England are in the \$3 Billion range) and not effective at promoting construction of new generation capacity in constrained areas.

Christina gave a brief overview of the legislative efforts regarding third-party payment vendors such as CashPoint. On October 22, 2004, the OCA met with Donna Soucy, General Counsel at the Banking Department, Richard Head, Chief of the Consumer Affairs Protection Bureau at the Attorney General's Office, Amanda Noonan, Director of Consumer Affairs at the Public Utilities Commission, and Walter Shyska, Consumer Affairs Representative at the Public Utilities Commission. The meeting focused on possible legislation regarding third-party payment vendors. Donna Soucy explained that the Banking Department had started drafting proposed legislation that it hopes to file for the 2005 session. The OCA has calendared the legislature's filing dates and plans to see the draft legislation from Donna in a few weeks. As things progress, the OCA will keep the Board informed.

Addendum:

EAP: Larry R. asked if there is enough outreach for this program and suggested that the OCA include a section in the next newsletter about the assistance programs available. Otis questioned the eligibility for EAP of people who live in public housing. He wondered if an individual's participation in the public housing program excludes their participation in EAP. Larry K. explained that so long as the consumer does not receive more than 100% of their utility expenses, he does not see the consumer's participation in both programs as problematic.

Discussion then turned to low-income assistance programs for the gas industry. Ken explained that the OCA has looked into such programs in the past. He noted the OCA's role in any such initiative, given its mandate to serve all residential rate payers regardless of income. Ross voiced support for the OCA's involvement in advocating for the establishment of such low-income assistance programs, adding that he feels we should support a low income gas program but not push it too hard. Anne suggested tabling further discussions until a meeting with full Board attendance to discuss supporting this topic. There was a split of opinions on this issue in the past. Larry K. asked that the OCA gather some information and put it on a future agenda for discussion.

Fryeburg Water Company: A stipulation was signed by all parties except the company. A hearing will be held on Wednesday, November 3, 2004.

Pennichuck Water Works Eminent Domain Case: Anne explained that Barbara Presley had asked for some assistance and she was also interested to know what position the OCA will be taking in this case.

KeySpan: OCA received a verbal approval from Commission regarding Stipulation.

The next meeting will be December 6, 2004 at 2 PM.

The meeting adjourned at 4:04pm.